

Eric Fryson

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Sent: Monday, October 08, 2012 4:05 PM
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Subject: Docket No. 120001-EI

Attachments: 20121008155124142.pdf; Prehearing Statement 2012 (Fuel) Final.DOC

Attached for electronic filing, please find Florida Public Utilities Company's Prehearing Statement in the referenced docket.

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b. Docket No. 120001-EI - In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.

c. On behalf of: Florida Public Utilities Company

d. Number of Pages: PDF – 15 pages
 Word DOC – 14 pages

e. Description: Prehearing Statement



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DOCUMENT NUMBER-DATE

0686 | OCT-8 2012

FPSC-COMMISSION CLERK

10/8/2012

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October 8, 2012

BY ELECTRONIC FILING - FILINGS@PSC.STATE.FL.US

Ms. Ann Cole, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 120001-EI: Fuel and Purchased Power Cost Recovery Clause with Generating Performance Incentive Factor

Dear Ms. Cole:

Enclosed for electronic filing, please find the Prehearing Statement of Florida Public Utilities Company. Also attached, please find a copy of the filing in native format.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

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MEK
cc://(Certificate of Service)

DOCUMENT NUMBER-DATE

06861 OCT-8 12

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor. | DOCKET NO. 120001-EI
| DATED: October 8, 2012

**FLORIDA PUBLIC UTILITIES COMPANY'S
PREHEARING STATEMENT**

In accordance with the Order Establishing Procedure for this Docket, Order No. PSC-12-0061-PCO-EI, issued February 10, 2012, Florida Public Utilities Company ("FPUC" or "Company") hereby files its Prehearing Statement.

a. All Known Witnesses

<u>Witness</u>	<u>Subject</u>	<u>Issue</u>
Curtis D. Young	Final True Up 2011	8
Curtis D. Young	Estimated/Actual 2012(Second Revised) ¹	3A, 8, 9, 10
Curtis D. Young	Projection for 2013 ²	3A, 3B, 11, 18, 19, 20, 21, 22, 34
Cheryl M. Martin	Recovery of Consulting/Legal Fees	Issue 3B
Robert J. Camfield	Demand Cost Allocation	Issue 3A

b. All Known Exhibits

<u>Witness</u>	<u>Exhibit</u>	<u>Title</u>
Young	CDY-1 (Composite)	Final True Up Schedules (Schedules F-1 and M-1 for FPUC's Divisions)

¹ Revised October 5, 2012.

² Revised October 8, 2012

<u>Witness</u>	<u>Exhibit</u>	<u>Title</u>
Young	CDY-2 (Composite)	Estimated/Actual (Schedules El-A, El-B, and El-B1 for the Northwest Division and El-A, El-B, and El-B1 for the Northeast Division)(Second Revised) ³
Young	CDY-3 (Composite)	Estimated/Actual (Schedules El-A, El-B, and El-B1 for the Northwest Division including Amendment No. 1 to PPA with Gulf Power) ⁴
Young	CDY-4 (Composite)	Schedules El, EIA, E2, E7, and E10 for the Northwest Division and El, EIA, E2, E7, E8, and E10 for the Northeast Division with Revised Demand Allocation ⁵
Young	CDY-5 (Composite)	Schedules El, EIA, E2, E7, and E10 for the Northwest Division with Amendment No. 1 and Revised Demand Allocation ⁶
Young	CDY-6 (Composite)	Schedules El, EIA, E2, E7, and E10 for the Northwest Division and El, EIA, E2, E7, E8, and E10 for the Northeast Division without Revised Demand Allocation ⁷
Young	CDY-7 (Composite)	Schedules El, EIA, E2, E7, and E10 for the Northwest Division with Amendment No. 1 and without Revised Demand Allocation ⁸

³ Revised October 5, 2012.

⁴ Refiled October 5, 2012.

⁵ Revised October 8, 2012.

⁶ Revised October 8, 2012.

⁷ Revised October 8, 2012.

⁸ Revised October 8, 2012.

<u>Witness</u>	<u>Exhibit</u>	<u>Title</u>
Camfield	RJC-1	Weather Zones
Camfield	RJC-2	Housing and Demographics
Camfield	RJC-3	Regressions
Camfield	RJC-4	Regression Analysis for Residential
Camfield	RJC-5	Weather Sensitive and Non-Weather Sensitive Energy Use
Camfield	RJC-6	Allocation Results and kW Adjustment
Camfield	RJC-7	Demand Methodology Study

c. FPUC's Statement of Basic Position

FPUC: The Company has properly projected its costs. Likewise, the Company has calculated its true-up amounts and purchased power cost recovery factors appropriately. As such, the Company would ask that these amounts and factors be approved by the Commission with the proposed demand allocation methodology applied.

d. FPUC's Position on the Issues

COMPANY-SPECIFIC ISSUES – FLORIDA PUBLIC UTILITIES

ISSUE 3A: Is FPUC's proposed method to allocate demand costs to the rate classes appropriate?

FPUC's Position: Yes. The methodology proposed by the Company more accurately reflects the demand usage of customers and thus, more appropriately allocates costs across each rate

classification. Specifically, the proposed methodology better reflects area weather patterns, as well as economic and demographic profiles unique to FPUC's customers. (*Camfield*)

ISSUE 3B: Should FPUC be allowed to recover through the Fuel Clause the legal and consulting fees incurred in developing the Company's Time of Use and Interruptible Rates for its Northwest Division?

FPUC's Position: Yes. Consistent with Commission Order No. 14546, issued in Docket No. 850001-EI-B, the referenced costs are not tied to the Company's internal staff involvement in fuel and purchased power procurement and administration. Instead, these costs are associated with external contracts for work on projects specifically designed to reduce the fuel rates billed to the customers in the Northwest Division. These costs were not anticipated or recognized in the Company's last rate case. Moreover, these costs were incurred for work on a specific project applicable to only one FPUC electric system and thus, recovery of these costs through the fuel clause, as proposed, would appropriately recover costs from only those customers that have benefitted from the underlying projects. Thus, these costs are not appropriate for recovery through base rates, nor are they currently being recovered through base rates. Consistent with Commission policy, these costs are prudent and appropriate for recovery through the Fuel and Purchased Power cost recovery clause. (*Martin, Young*)

GENERIC FUEL ADJUSTMENT ISSUES

ISSUE 6: What are the appropriate actual benchmark levels for calendar year 2012 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

FPUC's Position: No position at this time.

ISSUE 7: What are the appropriate estimated benchmark levels for calendar year 2013 for gains on non-separated wholesale energy sales eligible for a shareholder incentive?

FPUC's Position: No position at this time.

ISSUE 8: What are the appropriate fuel adjustment true-up amounts for the period January 2011 through December 2011?

FPUC's Position:

Northwest Division (Marianna): \$1,316,601 (Under-recovery)

Northeast Division (Fernandina Beach): \$360,592 (Over-recovery)

(Young)

ISSUE 9: What are the appropriate fuel adjustment actual/estimated true-up amounts for the period January 2012 through December 2012?

FPUC's Position:

Northwest Division (Marianna): \$187,139 (Under-recovery)

In the alternative, should ongoing litigation with the City of Marianna and the related appeal of Order No. PSC-11-0269-PAA-EI and Order No. PSC-12-0056-FOF-EI be resolved prior to the Commission's decisions in this Docket and in a way that enables FPUC to resume power purchases in accordance with Amendment No. 1 to the Company's Generation Services Agreement with Gulf Power Company, FPUC suggests that the following amount be recognized and approved:

Northwest Division (Marianna): \$1,319,849 (over-recovery)

Northeast Division (Fernandina Beach): \$104,982 (Under-recovery)

(Young)

ISSUE 10: What are the appropriate total fuel adjustment true-up amounts to be collected/refunded from January 2013 to December 2013?

FPUC's Position:

Northwest Division (Marianna): \$1,503,740 (Under-recovery)

In the alternative, should ongoing litigation with the City of Marianna and the related appeal of Order No. PSC-11-0269-PAA-EI and Order No. PSC-12-0056-FOF-EI be resolved prior to the Commission's decisions in this Docket and in a way that enables FPUC to resume power purchases in accordance with Amendment No. 1 to the Company's Generation Services Agreement with Gulf Power Company, FPUC suggests that the following amount be recognized and approved:

Northwest Division (Marianna): \$3,248 (over-recovery)

Northeast Division (Fernandina Beach): \$255,610 (Over-recovery)

(Young)

ISSUE 11: What are the appropriate projected total fuel and purchased power cost recovery amounts for the period January 2013 through December 2013?

FPUC's Position:

Northwest Division (Marianna): \$30,935,242

In the alternative, should ongoing litigation with the City of Marianna and the related appeal of Order No. PSC-11-0269-PAA-EI and Order No. PSC-12-0056-FOF-EI be resolved prior to the Commission's decisions in this Docket and in a way that enables FPUC to resume power purchases in accordance with Amendment No. 1 to the Company's Generation Services Agreement with Gulf Power Company, FPUC suggests that the following amount be recognized and approved:

Northwest Division (Marianna): \$30,143,626

Northeast Division (Fernandina Beach): \$36,030,023

(Young)

FUEL FACTOR CALCULATION ISSUES

ISSUE 18: What are the appropriate projected net fuel and purchased power cost recovery and Generating Performance Incentive amounts to be included in the recovery factor for the period January 2013 through December 2013?

FPUC's Position:

Northwest Division (Marianna): \$30,935,242

In the alternative, should ongoing litigation with the City of Marianna and the related appeal of Order No. PSC-11-0269-PAA-EI and Order No. PSC-12-0056-FOF-EI be resolved prior to the Commission's decisions in this Docket and in a way that enables FPUC to resume power purchases in accordance with Amendment No. 1 to the Company's Generation Services Agreement with Gulf Power Company, FPUC suggests that the following amount be recognized and approved:

Northwest Division (Marianna): \$30,143,626

Northeast Division (Fernandina Beach): \$36,030,023

(Young)

ISSUE 19: What is the appropriate revenue tax factor to be applied in calculating each investor-owned electric utility's levelized fuel factor for the projection period January 2013 through December 2013?

FPUC's Position:

Northwest Division (Marianna): 1.00072

Northeast Division (Fernandina Beach): 1.00072

(Young)

ISSUE 20: What are the appropriate levelized fuel cost recovery factors for the period January 2013 through December 2013?

FPUC's Position:

Northwest Division (Marianna): 5.790¢ /kwh

In the alternative, should ongoing litigation with the City of Marianna and the related appeal of Order No. PSC-11-0269-PAA-EI and Order No. PSC-12-0056-

FOF-EI be resolved prior to the Commission's decisions in this Docket and in a way that enables FPUC to resume power purchases in accordance with Amendment No. 1 to the Company's Generation Services Agreement with Gulf Power Company, FPUC suggests that the following amount be recognized and approved:

Northwest Division (Marianna): 5.335¢ /kwh

Northeast Division (Fernandina Beach): 6.420 ¢ /kwh

(Young)

ISSUE 21: What are the appropriate fuel recovery line loss multipliers to be used in calculating the fuel cost recovery factors charged to each rate class/delivery voltage level class?

FPUC's Position:

Northwest Division (Marianna): 1.0000 (All rate schedules)

Northeast Division (Fernandina Beach): 1.0000 (All rate schedules)

(Young)

ISSUE 22: What are the appropriate fuel cost recovery factors for each rate class/delivery voltage level class adjusted for line losses?

FPUC's Position: The appropriate levelized fuel adjustment and purchased power cost recovery factors for the period January 2013 through December 2013 for the Northwest Division, adjusted for line loss multipliers and including taxes, are as follows:

Northwest Division (without Amendment No. 1/with revised Demand Allocation)

<i>Rate Schedule</i>	<i>Adjustment</i>
RS	\$0.10119
GS	\$0.09518
GSD	\$0.09519
GSLD	\$0.09105
OL,O11	\$0.07483

SL1, SL2, and SL3	\$0.07593
Step rate for RS	
RS with less than 1,000 kWh/month	\$0.09760
RS with more than 1,000 kWh/month	\$0.10760

Consistent with the revised fuel projections for the 2013 period, the appropriate adjusted Time of Use (TOU) and Interruptible rates for the 2013 period are:

Time of Use/Interruptible

<i>Rate Schedule</i>	<i>Adjustment On Peak</i>	<i>Adjustment Off Peak</i>
RS	\$0.18160	\$0.05860
GS	\$0.13518	\$0.04518
GSD	\$0.13519	\$0.06269
GSLD	\$0.15105	\$0.06105
Interruptible	\$0.07605	\$0.09105

In the alternative, should ongoing litigation with the City of Marianna and the related appeal of Order No. PSC-11-0269-PAA-EI and Order No. PSC-12-0056-FOF-EI be resolved prior to the Commission's decisions in this Docket and in a way that enables FPUC to resume power purchases in accordance with Amendment No. 1 to the Company's Generation Services Agreement with Gulf Power Company, FPUC suggests that the following factors be approved:

Northwest Division (with Amendment No. 1/with revised Demand Allocation)

<i>Rate Schedule</i>	<i>Adjustment</i>
RS	\$0.09397

GS	\$0.08833
GSD	\$0.08835
GSLD	\$0.08446
OL,O11	\$0.06924
SL1, SL2, and SL3	\$0.07027
Step rate for RS	
RS with less than 1,000 kWh/month	\$0.09038
RS with more than 1,000 kWh/month	\$0.10038

Consistent with the revised fuel projections for the 2013 period, the appropriate adjusted Time of Use (TOU) and Interruptible rates for the 2013 period would be:

Time of Use/Interruptible

<i>Rate Schedule</i>	<i>Adjustment On Peak</i>	<i>Adjustment Off Peak</i>
RS	\$0.17438	\$0.05138
GS	\$0.12833	\$0.03833
GSD	\$0.12835	\$0.05585
GSLD	\$0.14446	\$0.05446
Interruptible	\$0.06946	\$0.08446

The appropriate levelized fuel adjustment and purchased power cost recovery factors for the period January 2013 through December 2013 for the Company's Northeast Division, adjusted for line loss multipliers and including taxes, are as follows:

Northeast Division (with revised Demand Allocation)*Rate Schedule**Adjustment*

RS	\$0.10203
GS	\$0.09411
GSD	\$0.09412
GSLD	\$0.09084
OL	\$0.06739
SL	\$0.06719
Step rate for RS	
RS with less than 1,000 kWh/month	\$0.09831
RS with more than 1,000 kWh/month	\$0.10831

(Young)

ISSUE 34: What should be the effective date of the fuel adjustment charge and capacity cost recovery charge for billing purposes?

FPUC's Position: The effective date for FPUC's cost recovery factors should be the first billing cycle for January 1, 2013, which could include some consumption from the prior month. Thereafter, customers should be billed the approved factors for a full 12 months, unless the factors are otherwise modified by the Commission. *(Young)*

e. **Stipulated Issues**

There are no stipulated issues at this time.

f. **Pending Motions**

FPUC has no pending motions at this time.

g. Pending Confidentiality Claims or Requests

FPUC has no pending requests for confidentiality at this time.

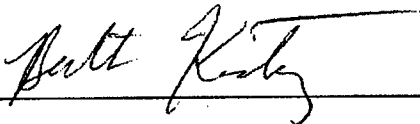
h. Objections to Witness Qualifications as an Expert

FPUC has no objections to any witnesses' qualifications at this time.

i. Compliance with Order No. PSC-12-0061-PCO-EI

FPUC has complied with all requirements of the Order Establishing Procedure entered in this docket.

RESPECTFULLY SUBMITTED this 8th day of October, 2012.

BY: 

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

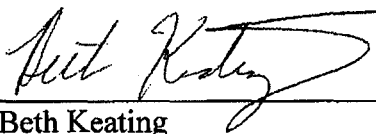
Attorneys for Florida Public Utilities Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by Electronic Mail to the following parties of record this 8th day of October, 2012:

<p>Martha Barrera/Lisa Bennett Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 <u>Mbarrera@PSC.STATE.FL.US</u> <u>Lbennett@PSC.STATE.FL.US</u></p>	<p>James D. Beasley/J. Jeffry Wahlen Ausley Law Firm Post Office Box 391 Tallahassee, FL 32302 <u>jbeasley@ausley.com</u> <u>jwahlen@ausley.com</u></p>
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